SEPTEMBER/OCTOBER 1995

AT&T NEWS

HISTORIC BREAKUP TO CREATE THREE COMPANIES

We're 'Reinventing' Ourselves

BY ED LOPEZ

Citing sweeping and rapid changes in the marketplace, AT&T Chairman Bob Allen announced that the company was "reinventing itself" by voluntarily breaking up into three distinct companies, a move that stunned the industry and ushered in the most profound change at AT&T since the breakup of the old Bell System.

ASSOCIATED PRESS

Chairman Bob Allen spoke to employees throughout the country via satellite link just before a worldwide news conference to brief reporters on the breakup.

BASED ON MARKET VALUE, it is the largest corporate breakup in history.

In addressing employees on the day of the announcement, Allen acknowledged the emotional and historical significance of the latest breakup.

"There's bound to be a sense of loss as we take this next step into the future," Allen said. "But, more importantly, we must carry forward into our new businesses the sense of pride of who we are and what we've accomplished. The AT&T name is worth a lot; the AT&T spirit is worth much more."

"...We must carry forward into our new businesses the sense of pride of who we are and what we've accomplished."

—Bob Allen

Allen urged employees not to skip a beat in meeting commitments to customers during this transition period.

The company said that it would spin off to shareholders three publicly traded companies that will focus on certain core businesses:

Communications Services—Retaining the familiar "AT&T" brand, this company will consist of the current Communications Services Group, Universal Card Services, the newly established AT&T Solutions consulting, systems-integration and outsourcing organization, and Wireless Services, formerly McCaw Cellular Communications. Last year, AT&T's services units had combined revenues of more than $49 billion.

In addition, a new "AT&T Laboratories" organization will be created for the communications services unit. It will be formed from the Bell Laboratories group now dedicated to research and development in communications services, and another research group focused on networking and new service innovations.

Communications Systems and Technology—This company, which is yet unnamed, will be comprised of AT&T's Network Systems Group, Global Business Communications Systems, Consumer Products, Paradyne and Microelectronics. These businesses had combined sales of about $20 billion last year.

In addition, the bulk of Bell Laboratories, AT&T's world-renowned research and development organization, will be assigned to the systems and technology business because most of the Bell Labs work currently supports AT&T's equipment business.

Global Information Solutions—The computer unit is currently undergoing an aggressive turnaround effort by Chairman and CEO Lars Nyberg (see "GIS Takes Action to Become Profitable," page 4).

AT&T also plans to sell its remaining interest in AT&T Capital Corp., the second largest equipment leasing and financing

See SHIFTS, page 4

Strategic Restructuring Plan

Communications Services (AT&T)	Communications Systems and Technology	Global Information Solutions
Communications Services Group	Network Systems Group	Financial
Universal Card Services	Global Business Communications Systems	Retail
Wireless Services	Consumer Products	Communications
AT&T Solutions	Microelectronics	Enterprise Computers
AT&T Laboratories	Paradyne	Worldwide Services
	Bell Laboratories	Systemedia

Where To Turn for Information

"It's inevitable in a transition like this there will be rumors as people feel uncertain about exactly what will happen."
—Bob Allen letter to employees, Sept. 20, 1995

In his letter, Allen promised to communicate, quickly and completely, to keep that uncertainty to a minimum.

As decisions are made, the first line of communication—as always—will rest with your supervisor. He or she is the first place to turn with your questions and concerns. And there are organizations whose job is to supply those managers with the most current information.

Beyond that, in line with Allen's promise to "re-double our employee communications," here's a rundown of the latest plans:

- The all-employee broadcast with Allen on Thursday, Sept. 28
- *AT&T TODAY* will regularly report on issues and concerns surrounding restructuring, as will business unit and division publications.
- *AT&T NEWS* will move to more-frequent publication. Each issue will cover both news of the business as well as updates on restructuring.
- *AT&T VISIONS*, a new quarterly that was designed to deal with the company's strategy, will cease publication; its resources—human and financial—will be devoted to *AT&T NEWS* and *AT&T TODAY*.

As needs dictate, the above list will be modified and/or expanded to make sure Bob Allen's commitment to you is fulfilled. ■

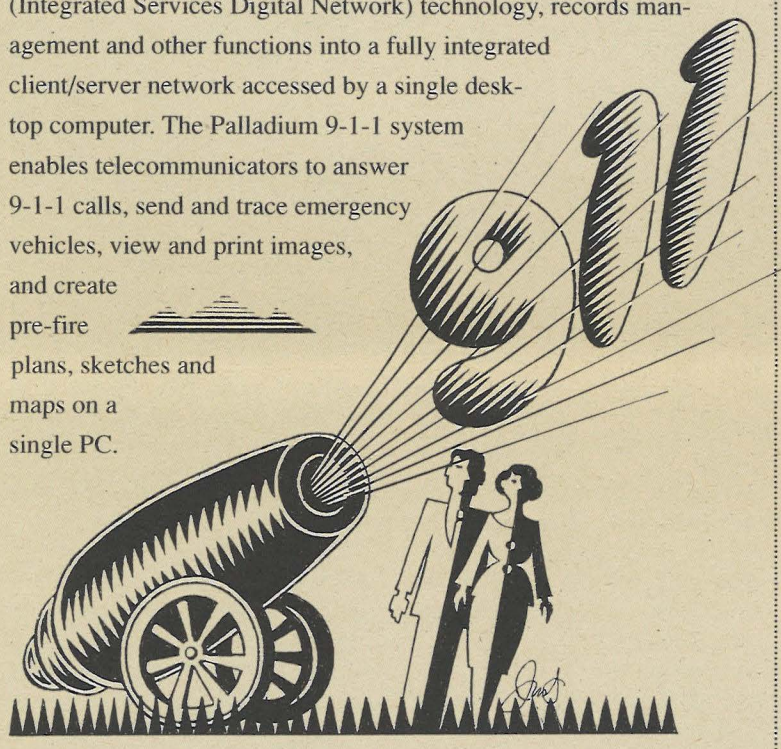
AROUND AT&T

WINNING IMAGE

AT&T has received a Corporate Image Award from the National Urban League's Black Executive Exchange Program (BEEP). The program's mission is to work with the National Urban League, corporate America and historically and predominantly black colleges and universities to develop a mentoring process to better prepare students for careers in business, industry and government. Several AT&T employees volunteer their time as BEEP mentors, and AT&T has donated equipment to BEEP's headquarters in New York City.

FASTER 911 SERVICE

Network Systems Group and Vision Software have unveiled an integrated computer platform that brings increased speed, accuracy and network-based technology to emergency response communications centers. The computer platform, called the *Palladium* 9-1-1 system, is the first public safety answering point platform to combine Enhanced 9-1-1 (E9-1-1) call response, computer-aided dispatching, ISDN (Integrated Services Digital Network) technology, records management and other functions into a fully integrated client/server network accessed by a single desktop computer. The Palladium 9-1-1 system enables telecommunicators to answer 9-1-1 calls, send and trace emergency vehicles, view and print images, and create pre-fire plans, sketches and maps on a single PC.



CONSUMER PRODUCTS

NEW PAGER LINE SHAPING UP

Consumer Products has introduced three pagers that break from the traditional square-box paradigm. The pagers sport a stylish wedge shape and come in several designer colors. They also represent the first of a new pager line from Consumer Products, which will include alphanumeric models in early 1996 and two-way pagers designed for use with the company's future PCS (Personal Communications Services) networks later on. The AT&T 3512, 3517 and 3527 pagers became available in late August and range in price from $69.99 to $129.99. The AT&T 3512 is included in AT&T's recent offer of paging and cellular services (see page 3). For more information about AT&T pagers, contact AT&T Phone Center stores or dial 800-232-5179. For more information about the paging services, call 800-336-TRUE.

MILITARY GAMES

Government Markets sponsored the United States Armed Forces Sports Team during the First Military World Games in Rome Sept. 6-15. AT&T also set up two international calling centers for use by the games' participants and the public. More than 300 members of the U.S. team were among the 5,000 military athletes who competed in 17 sporting events. The competition attracted armed forces from more than 100 countries.

LET YOUR PAHLTSY DO THE WALKING

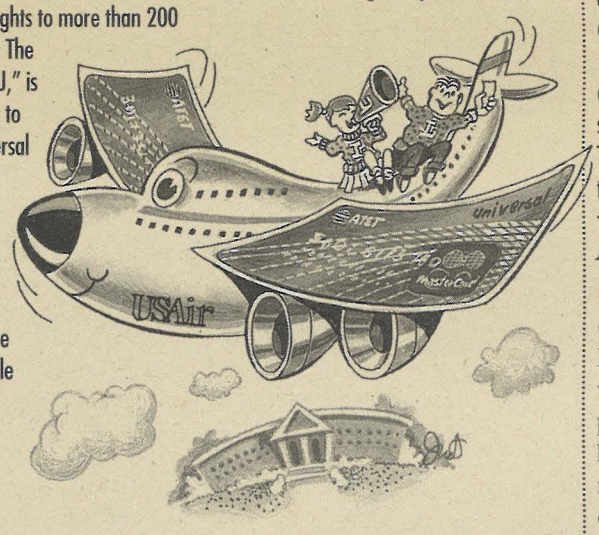
That's what Russian-speaking people living in the United States will do with the help of the 1995-96 Russian Yellow Pages. Sponsored by Consumer Communications Services and published by Liberty Publishing House, the books are now available in local bookstores. Part telephone directory and part guide to America, the 800-page edition contains information ranging from lists of colleges offering English as a Second Language programs to art galleries exhibiting contemporary Russian artists. Other sections provide helpful hints for newcomers to the country, such as how to use the U.S. postal system and how to purchase a car.

AT&T RECOGNIZED AT&T was presented the Juvenile Diabetes Foundation International (JDFI) "National Corporate Leadership Award" in recognition of its leadership and community commitment to further JDFI's mission to find the cause, prevention, treatment and cure of diabetes and its complications. In 1994, AT&T fielded a team of 30 walkers and raised more than $10,000 for JDFI's Central Jersey Walk for The Cure.

UNIVERSAL CARD SERVICES

LOW-COST STUDENT TRAVEL

Universal Card Services has announced that customers enrolled in its college card program now can get special discount certificates on USAir that allow cost savings of up to 46 percent on roundtrip flights to more than 200 destinations worldwide. The new program, "Travel U," is available automatically to existing and new Universal Card college cardmembers. Cardmembers will initially get three Travel U coupons, which they can use for up to six months. Future coupons will be available every six months. To apply for the AT&T Universal Card, call 800-438-8627.



EASY MOVING

Consumer Communications Services has announced a one-stop service to help consumers reduce the stress of moving. By making a single toll-free call to *1 800 MOVE-ATT*, consumers can have their AT&T long-distance service, savings and rewards plans, calling cards and AT&T Universal Cards transferred to their new residence. Before calling the toll-free number, movers first should call their local telephone company to get their new telephone numbers and identify AT&T as their long-distance company. Then they should call 1 800 MOVE-ATT to make sure their AT&T accounts and associated discount and rewards plans move with them to their new address. Callers also can request information on other AT&T products and services and learn the location of the nearest AT&T Phone Center.

CD-SOUND QUALITY

Consumer Communications Services has announced a breakthrough in speech technology that virtually eliminates noise on direct-dial international long-distance calls, making the voices of those called sound clearer and closer. The service, called AT&T *TrueVoice* Plus, represents the most advanced use of digital signal processing technology ever deployed in the switched network. It uses patented AT&T Bell Laboratories' technology that transforms scratchy, old recordings into ones of CD-sound quality.

AT&T TrueVoice Plus is now available on international, direct-dial calls to Mexico from the homes of customers who subscribe to the new service. It will be available for other international call destinations in 1996. Call 800-333-6360 to hear a free demonstration or to speak to an English-speaking customer service representative. To speak to a Spanish-speaking representative, call 800-828-1234.

MODEM MAGIC

Global Information Solutions (GIS) has announced its Voice Modem Solution, a PCMCIA voice/fax/data modem with supporting software and a telephone handset, that turns its award-winning AT&T *Globalyst* notebook computers into complete traveling business communications centers. The $200 (list) kit gives AT&T Globalyst 130, 200S and 250P notebook computers the ability to record voice memos and to connect to any standard phone line to receive and store voice and electronic mail, send and receive faxes and log-on to on-line services and the Internet. For more information, call 800-447-1124.

GLOBAL BUSINESS COMMUNICATIONS SYSTEMS

FULL CONNECTIVITY

Ushering in a new era of multimedia communications for small and mid-sized businesses, Global Business Communications Systems has unveiled the latest release of its *MERLIN LEGEND* Communications System. The new MERLIN LEGEND, Release 4, provides an industry "first" for mid-sized systems—full Integrated Services Digital Network connectivity. This system gives customers easy, economical access to communications solutions such as telecommuting, the Internet, group and desktop videoconferencing and high-capacity data services. The new release uses Basic Rate Interface connectivity to support AT&T *Vistium* Personal Video Systems, *PictureTel Group Video* Systems and other industry-standard video equipment. It also allows customers to access publicly switched T1 facilities for digital data transmissions of up to 56 kilobits per second per T1 channel. For more information, call 800-247-1212.

NETWORK NOTES

Business Multimedia Services and Lotus Development Corp. have agreed to expand and extend their relationship to co-market AT&T *Network Notes*, the only business collaboration service available today that gives businesses easy access to Lotus Notes® groupware through AT&T's worldwide network. The agreement extends the relationship through the end of the century and solidifies the two companies' common goal to provide Notes-based solutions. AT&T Network Notes makes it easy for global businesses to create their own electronic communities with their customers, partners, suppliers and remote/mobile employees without having to build or operate a wide-area network. Today, AT&T Network Notes provides electronic mail access to the Internet. By marrying Lotus' Notes products with AT&T's technical leadership in networking, the companies can develop offers and services unmatched in the marketplace.

AT&T Moves To Broaden Benefits Of Merger With McCaw Cellular

By Suzanne Sidhu

FOR THE FIRST TIME, AT&T's long-distance customers who live in areas served by McCaw Cellular won't have to search the yellow pages, visit a particular retailer or look for the right Cellular One or AT&T Wireless storefront to sign up for McCaw cellular or paging service.

Now, a single call to 800-336-TRUE, or 800-222-0400 for business customers, will connect them to one-stop shopping for both AT&T long distance and McCaw services.

Consumers and business long-distance customers who take advantage of this offer get special benefits (see "Customers Benefit With Right Choice").

It's official: McCaw Cellular is now AT&T Wireless Services.

The Merger Bears Fruit

The offers are significant for AT&T and McCaw because they are the first developed jointly since AT&T acquired the cellular company last year.

Under the consent decree that AT&T signed with the Department of Justice before completing the McCaw merger, McCaw customers were given the opportunity to select a long-distance company. The decree allowed the name AT&T Wireless Services to be used in national advertising and marketing after 60 percent of McCaw's customers had participated in the equal access conversion, a milestone reached at the end of August. Since Aug. 28, McCaw's official name has been AT&T Wireless Services.

Combined Celebrations

With community involvement projects at Wireless Services headquarters in Kirkland, Wash., and an all-employee event at the regional office in Paramus, N.J., Wireless Services employees celebrated both the unit's official name change and the merger's one-year anniversary.

From the outset of talks more than two years ago until the merger was officially approved by the Department of Justice on Sept. 19, 1994, analysts realized that adding McCaw's sweep in cellular to the weight of the AT&T brand would make a powerful combination. The world's largest provider of wireless services, McCaw serves more than 5 million customers in most major markets in the United States.

"Clearly, AT&T ... will be in the superior position" among the big three long-distance carriers, said Ira Brodsky, president, DataComm Research.

AT&T's move "puts its competitors behind the eight ball," said Mark Langner, consultant with TeleChoice.

And *The Wall Street Journal* wrote, "Indeed, for the first time since the formation of the mighty Bell System at the turn of the century, one company is again poised to lead a new era in communications well into the next century: AT&T."

The joint cellular/long distance offers, which went into effect in mid-September, are only the first of many benefits AT&T envisioned when it began negotiating to acquire McCaw.

"The company that wired the world is putting wireless within people's reach," said Alex Mandl, executive vice president and CEO, AT&T Communications Services Group. "Our merger with McCaw gave us a winning hand in the fast-growing wireless and cellular markets. Now we're playing our first card." ■

Customers Benefit With Right Choice

One-stop shopping for long-distance and cellular service reaps these benefits for customers:

• **A ready-to-go** cellular service for consumers that includes, for a $29.99 monthly fee, an AT&T Portable Cellular Telephone 3810 and the first 30 minutes of airtime usage per month, as well as free evening and weekend airtime for three months. Consumers who choose AT&T for both their cellular and home long-distance and who are enrolled in AT&T *True Reach Savings* and spend $25 or more a month, receive a 25 percent discount on all AT&T cellular long-distance calls.

• **A flexible cellular** service for businesses that includes either an AT&T Portable Cellular Telephone 3810 or an AT&T 6650 digital cellular phone. The cellular service offers specific pricing plans, designed especially for business users, that vary by location and calling volumes. In addition, businesses that choose an AT&T long-distance calling plan are eligible for discounts up to 39 percent and sub-minute billing on their AT&T cellular long-distance calls.

• **An enhanced paging** service for consumers and businesses across the country. This service gives customers with AT&T long-distance service an AT&T local numeric pager and the first month of service free for a monthly lease fee of $12.95. Consumers receive unlimited local messages and businesses

receive 200 free messages each month, with additional messages 15 cents each. Pager activation fees are waived for consumers and will vary by location for businesses. Advanced paging capabilities are available for an additional fee.

The offers will be available initially in the markets where the long-distance carrier selection process for McCaw cellular customers has been completed: Boise, Denver, Jacksonville, Las Vegas, Miami, Minneapolis/St. Paul, New York/Northern New Jersey, Orlando, Pittsburgh, Portland, Sacramento, Salt Lake City, Seattle and Tampa. Later in the year, other markets will be added: Dallas/Ft. Worth, Little Rock, Oklahoma City, Austin, San Antonio, Shreveport, Tulsa and Alaska.

Wireless Venture Sets Its Sights on Brazil

By Anne Wainscott

BRAZILIANS USING CELLULAR phones will soon be as common a sight as Samba dancers at Carnival time. That's the hope of a joint venture—between AT&T in Rio de Janeiro and two leaders in Brazil's communications and banking industries—which will bring wireless telecommunications services to the largest economy in Latin America.

AT&T, Organizacoes Globo and Bradesco expect to invest more than $1 billion during the next five years in communications services to customers in Brazil, a country of 156 million people. Under the proposed agreement, the Brazilian partners will hold 60 percent of the voting equity with AT&T holding the remainder.

AT&T Wireless Services will provide its technology expertise to the venture. The AT&T unit already operates cellular systems in Hong Kong, Colombia, Western Mexico and Puerto Rico.

"AT&T is excited to be working with Globo and Bradesco to bring wireless services to a country as important as Brazil," said Vic Pelson, chairman, AT&T Global Operations Team. "Organizacoes Globo's state-of-the-art TV network and extensive experience, combined with Bradesco's sound financial portfolio and retail banking network, are a perfect match with AT&T's communications and technology expertise."

The alliance plans to bid on cellular concessions across the country in early 1996, when the government is expected to invite proposals from private carriers. With a teledensity of eight lines per 100 people, Brazil is opening its telecommunications sector to competition to meet the ever-growing demand for services. In Sao Paulo, a city of 16 million, more than 250,000 people are waiting for cellular services.

"A leading-edge communications network is needed for Brazil to fuel its gathering momentum to become a global economic, social and political powerhouse," said Roberto Marinho, chairman and CEO, Organizacoes Globo, a media giant with newspaper, cable television and publishing concerns.

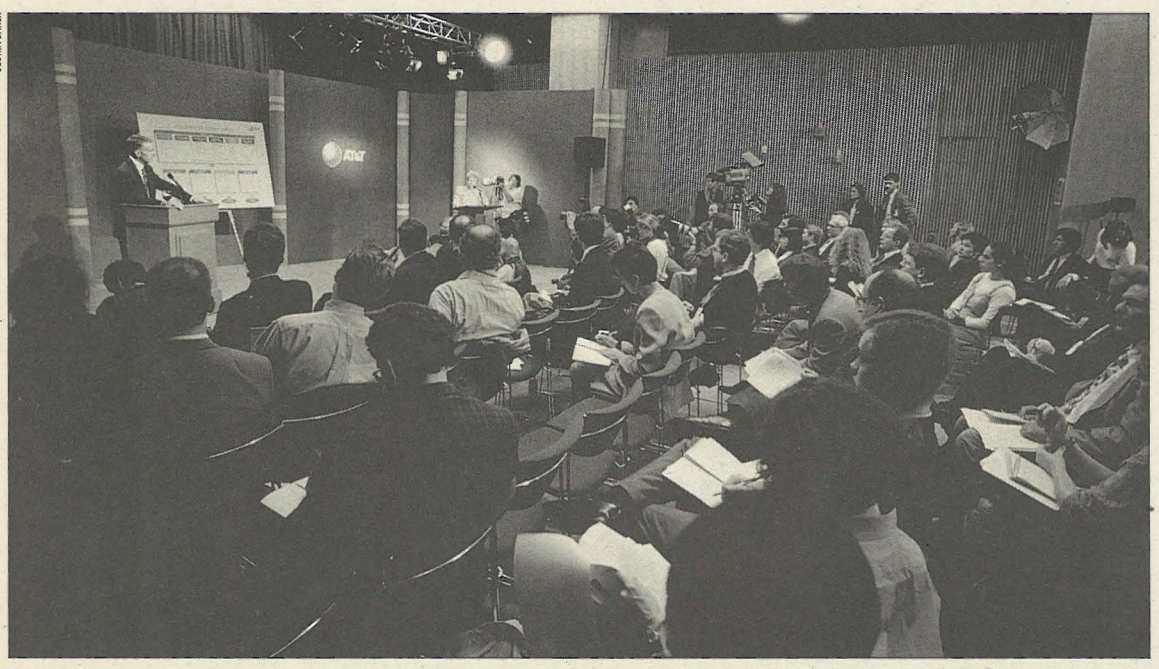
Bradesco, the largest financial institution in Brazil, views communications as a key area for the bank's future growth. "Access to this advanced technology is a fundamental condition for Bradesco," said Bradesco President Lazaro de Mello Brandao.

The alliance will examine other telecommunications services opportunities as they emerge. ■

AT&T in Brazil

AT&T has done business in Brazil for almost 60 years, providing international service between the United States and that nation. In August 1993, AT&T Network Systems do Brasil was formed as a joint venture to locally manufacture and market state-of-the-art software and network equipment. AT&T has a 47 percent stake in the venture. In October 1993, AT&T Network Systems Group won a $13 million contract to provide data communications technology to Telecomunicacoes do Parana.

GLORIA BAKER



Bob Allen fields questions during the press conference at AT&T's New York headquarters. The restructuring has been major news around the world.

Shifts in Customer Needs, Technology Prompt Historic Breakup

continued from page 1

company in the United States. In 1993, AT&T sold to the public about 14 percent of Capital Corp., which had revenues of about $1.4 billion last year and is profitable.

The company said it hopes to complete the restructuring by the end of 1996 and doesn't anticipate the need for any regulatory or judicial approval. AT&T will also ask the Internal Revenue Service for a ruling that will make the spin-offs to shareholders tax-free.

Allen will chair a transition steering committee to oversee the restructuring.

" ... vast majority of you will be doing the exact same work ... that you do today ... "

—Bob Allen

For various reasons, AT&T's sudden announcement reverberated widely. The powerful AT&T brand is deeply embedded in the American psyche as "the telephone company," AT&T's employment base consists of hundreds of thousands of workers, and AT&T stock is the most widely owned in the country.

"I didn't expect this to happen," said one Smith Barney analyst. "This is a grand slam."

For employees, the news understandably created undercurrents of uncertainty.

"Clearly, we don't have all the answers to your questions today," Allen told employees. "But we are going to work very hard to make sure that we communicate openly, honestly and quickly as we move through this transition.

"Let me emphasize that when we complete the restructuring, the vast majority of you will be doing the exact same work—in the exact same place—that you do today in support of the customer."

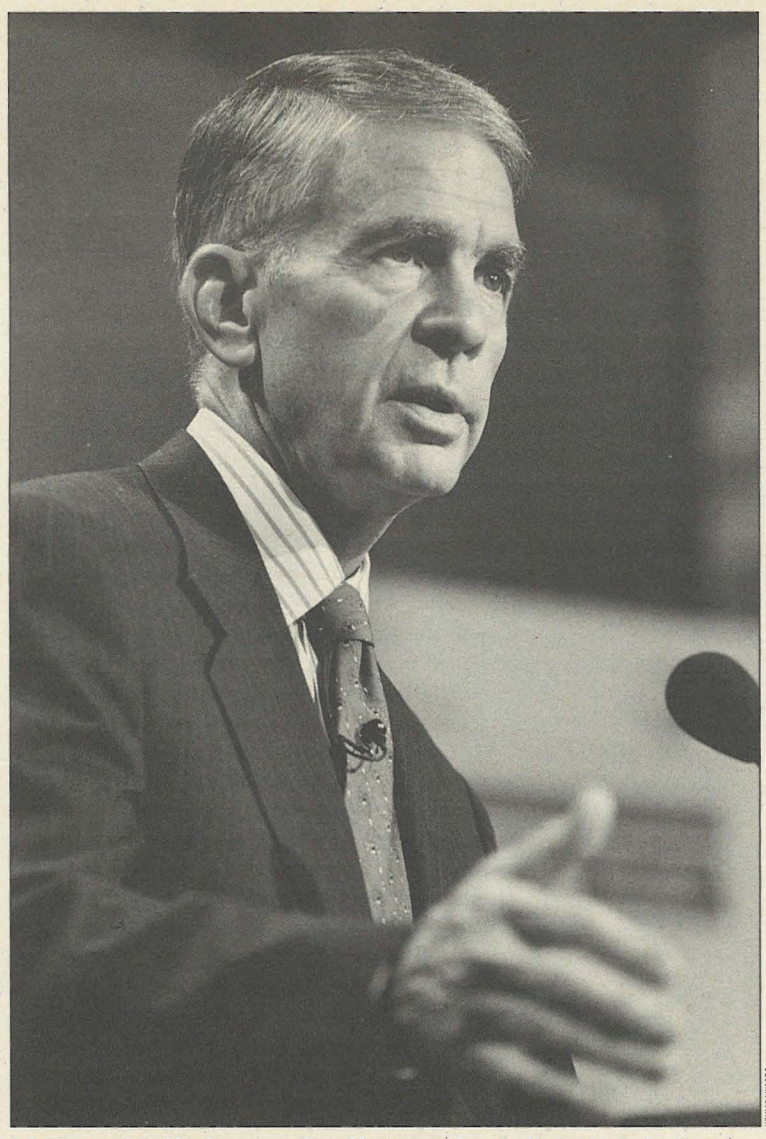
In a news release, the company said that, on balance, it is likely that the combined new companies will have fewer employees than the present AT&T.

The company cited a host of reasons for the restructuring, including changes in customer needs, technology and public policy that were radically changing the telecommunications industry.

"We have reached the point where the advantages of our size and scope will be offset by the time and cost of coordinating and integrating sometimes conflicting business strategies," Allen said at the news conference.

Among AT&T's competitors, reaction was generally muted, but there was no illusion that intense competition for long-distance customers would cool.

"AT&T is a formidable competitor today, and it will be a formidable competitor tomorrow, regardless of its structure," said Tim Price, president of MCI Telecommunications Corp. ■



GLORIA BAKER

Bob Allen was hailed by the news media and business analysts for his decisive leadership. "A very strong and gutsy move," said one consultant.

Stock Price Soars On News Of Breakup

On Wall Street, the investment community reacted with resounding approval to news of the breakup, sending AT&T shares up 6-1/8 points, or 10.6 percent, to close at 63-3/4 on exceptionally heavy volume.

"It will make AT&T more nimble and aggressive in services," said Ken Leon, analyst with Lehman Brothers.

The enthusiasm on Wall Street in part reflected some underlying frustration that, although AT&T's shares had climbed recently, the stock had been largely stagnant despite the fact that the company was a participant in key sectors.

"When you have one company owning three or four distinct businesses, the value is less than the sum of the parts," said David Kiefer, portfolio manager, Prudential Utility Fund.

One analyst with the investment firm of Stein Roe echoed the belief that the restructuring would unlock underlying potential at AT&T.

"Now as you break this monster up, you are unleashing great value in the different operating units," he said.

Still another reason for applauding the breakup was the expectation that large telephone companies, both domestic and foreign, would be more receptive to buying equipment from a spin-off company with no ties to AT&T, which may be viewed as a rival in the telephone services market.

"European carriers have previously been reluctant to buy their strategic equipment from their strongest potential competitor," said Sean Phelan, principal consultant, KPMG in London.

The investment community was also buoyed by the prospects of an Initial Public Offering (IPO) for 15 percent of the systems and technology unit. Analysts said that the IPO market has been red-hot recently and the AT&T name would spark interest by investors who normally don't show interest in IPOs. ■

GIS Takes Action To Become Profitable

BY ANNE WAINSCOTT

In a cost-cutting initiative to create a smaller, swifter and more focused business, AT&T Global Information Solutions (GIS) will reduce its worldwide work force by 20 percent. The business unit will eliminate approximately 8,500 jobs, including 1,000 positions from its Dayton headquarters and those of 1,300 independent contractors. GIS currently employs approximately 43,000 people in more than 120 countries.

The action will cost AT&T an estimated $1.5 billion, to be taken against third-quarter earnings. The charge would reduce 1995 after-tax earnings by an estimated $1 billion or 66 cents per share. The charge will cover expenses related to separation pay and other related costs. Excluding the charge, AT&T said it continues to target earnings-per-share growth of at least 10 percent in 1995.

"The realities of declining margins and cost cutting across the computer industry require us to take this step now, painful and difficult as it is," said Lars Nyberg, chairman and CEO, GIS. "We must dramatically reduce our costs to be competitive, and as a first step to becoming profitable."

GIS will continue to offer customers personal computers as part of total solutions, but will no longer develop and manufacture its *Globalyst* line of personal computers or sell them through retail outlets. The unit expects to announce a relationship with a new PC supplier soon.

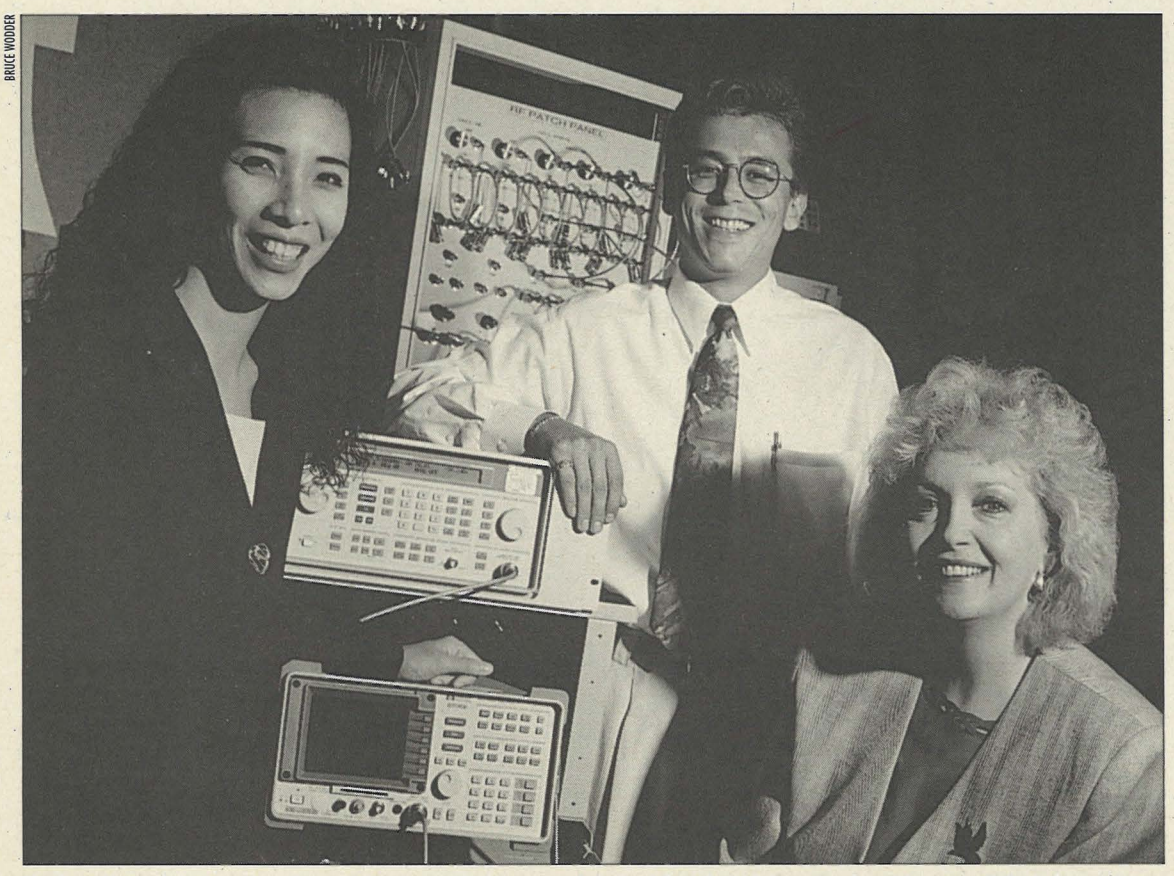
"AT&T GIS will continue to be a business computer and services company," Nyberg said. "Our growth rates in general-purpose servers, in systems designed for the retail and financial industries, and in professional services, are above industry averages."

"With an adequate balance sheet to start with, GIS has the people, reputation, customer base, and product set that would give it a fighting chance to be one of the surviving computer companies of the 21st century," said Peter Kastner, vice president, Aberdeen Group.

As announced in July, GIS will build on its strengths in the financial, retail and communications industries in addition to focusing on enterprise computers, worldwide services and Systemedia, which manufactures and markets paper-receipt rolls, business forms, ink ribbons, labels and other items.

Most affected GIS associates will leave the payroll by the end of 1995, and will receive separation pay, health and life insurance for six months, career counseling and outplacement services. ■

BRUCE WODDER



Thanks to Network Systems Group's negotiation team, AT&T was awarded one of the industry's largest and most important PCS wireless contracts. Three members of the team are shown above: Christine Hong (left), David Brown and Bonnie Bradford. Other team members were Chris Donahue, Greg Clark, Russ Tepter, Paul Justl and Dave Wendl.

PCS PrimeCo Picks NSG To Build Wireless Systems

By Ollie Hartsfield

IN THE EMERGING WORLD of personal communications services (PCS), it was one of the industry's most sought-after contracts. Three major suppliers were vying for it, but only two would be chosen. In September, AT&T Network Systems Group (NSG) was one of the bidders selected.

NSG won a major contract, potentially worth a half billion dollars, to build an end-to-end wireless PCS system for PCS PrimeCo, a consortium of Bell Atlantic, NYNEX, US West and AirTouch Communications. PCS PrimeCo won the third largest number of PCS licenses during the federal government auctions last year.

The agreement calls for NSG to supply and install the wireless hardware, base stations, switching equipment and software for PCS networks in six of 11 of the major markets owned by PCS PrimeCo. Those markets include Tampa/St. Petersburg, Houston, Richmond/Norfolk, Va., New Orleans/Baton Rouge and Miami/Ft. Lauderdale. Motorola will build the networks in the other five markets in Chicago, Dallas, Honolulu, Milwaukee and San Antonio.

At the heart of the PCS network will be NSG's *5ESS*-2000 Switch with Code Division Multiple Access (CDMA) technology. The switch will allow service providers to move easily from cellular to PCS, without investing in new equipment for each service. PCS systems operate at a higher frequency than conventional cellular systems, requiring phones and switches especially adapted to handle PCS calls.

The PCS PrimeCo contract reinforces NSG as a leading supplier of network equipment for the new PCS industry.

Ahead of the Pack

The PCS PrimeCo contract reinforces NSG as a leading supplier of network equipment for the new PCS industry. This is the fifth time NSG has been chosen to supply end-to-end PCS systems. That's more than any other PCS equipment vendor in the United States. Earlier in the year, NSG won contracts to build CDMA-based networks for Centennial Cellular in Puerto Rico and the Virgin Islands, and a Time Division Multiple Access (TDMA) network for AT&T Wireless Services (McCaw). Two other service providers, U.S. Intelco Wireless and North American Wireless Inc., have chosen NSG to build their networks, following the next round of PCS license auctions.

Winning the Customer

In winning the contract, NSG beat out one of its global competitors: Northern Telecom Ltd. of Canada. To do it, the marketing team first had to sell the customer on using digital technology in its network.

PCS PrimeCo had been leaning toward using a European analog technology, called Global System for Mobile Communications (GSM). AT&T supports the digital North American standards, CDMA and TDMA. The team persuaded PCS PrimeCo of the advantages of using the North American technology standard. Among other things, the standards have greater capacity because they are digital, and they operate well with the existing telecommunications network in North America.

Once that was done, the team convinced PCS PrimeCo that NSG was the company that could build its network. A key factor in the final outcome was NSG's ability to provide the complete solution the customer wanted.

"No other vendor offers more wireless technology choices than AT&T does, and no other vendor has the resources we do to build and deploy wireless and PCS networks," said Jim Brewington, president, AT&T Network Wireless Systems, NSG. ■

Legislative Update

House Passes Bill Favoring RBOCs

By Ollie Hartsfield

"THIS BILL DOES A LOT *TO* the consumer, but not much *for* the consumer."

That sentiment from a member of Vice President Gore's staff was shared by consumer groups, the long-distance industry and many in the media after the House of Representatives passed its version of the telecommunications reform bill in August, by a vote of 305 to 117.

Last minute changes to the bill removed a key provision supported by AT&T and other long-distance carriers. The provision would have required that the Regional Bell Operating Companies face full competition in local service before being allowed to enter long distance.

John Zeglis, senior vice president, Law and Government Affairs, called the outcome "clearly disappointing." He pointed out, however, that because thousands of AT&T employees, family members and friends made their voices heard in Congress, some important provisions of the bill remained intact. But there is still no clear definition of when real competition exists, and there is no referee to ensure everyone is playing by the rules.

At an industry conference Sept. 12, Chairman Bob Allen said the House bill would choke off competition in markets that are already competitive. "If this happens," he said, "the telecommunications industry will not only have missed a great opportunity to advance into a time of better, more powerful, and cheaper services for the average citizen ... but we will have actually moved backwards."

This fall, a congressional conference committee will reconcile the two telecommunications bills passed by the House and the Senate. Allen said it would be "most unfortunate" if the conference committee failed to make significant improvements in the legislation, which, he said, "can be saved, if the will exists to save it."

He added, however, that if major improvements are not made, AT&T would "fully and strongly" support President Clinton's threatened veto. ■

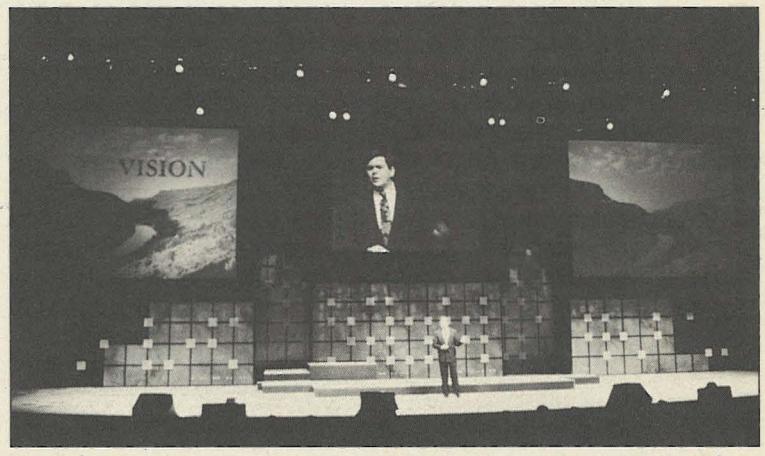
WorldWorx Multipoint Desktop Conferencing Makes Debut

By Collins Yearwood

AT&T HAS BEEN THE source of many firsts: the telephone, the transistor, the picture phone. Recently, AT&T added another first to its list—the world's first commercial multipoint call from the desktop that featured audio, voice and data. And it was done using the *WorldWorx Personal Conferencing Service.*

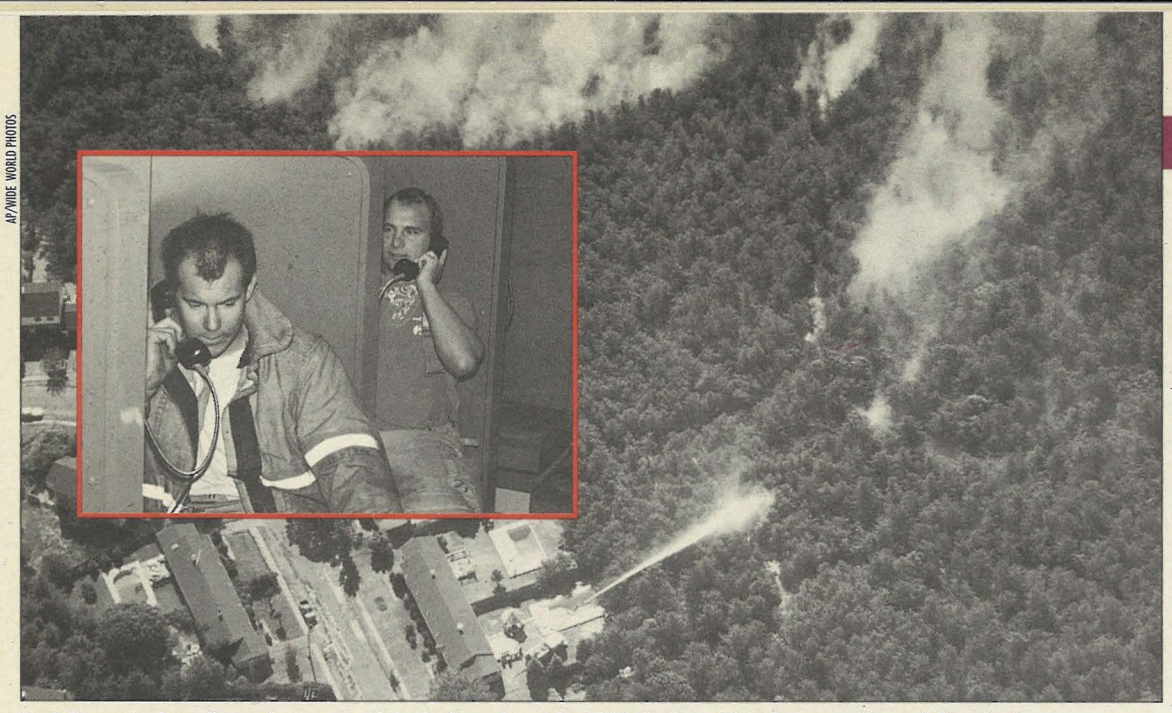
"Beginning today, collaborative desktop conferencing becomes a reality with the availability of multipoint data sharing," said Ernie DeNigris, vice president, AT&T WorldWorx Network Services, at the New York press conference announcing the service. "The addition of multipoint data capability to our current service line, which includes point-to-point and room systems, helps users collaborate across their companies and communicate with their customers and suppliers. Real-time multimedia communication—backed by AT&T's quality, reliability and customer service—is a valuable tool to help businesses save

—*See COLLABORATIVE, page 7*



Jim Cosgrove demonstrated the capabilities of the WorldWorx Personal Conferencing Service during his keynote address at the Enterprise Computing Trade Show in Chicago.

AP/WIDE WORLD PHOTOS



Firefighters came from all over the country to fight the fire on Long Island, N.Y. Thanks to AT&T, they were able to call home for free.

CCS and NSD Provide Free Calls To Long Island Firefighters

By Suzanne Sidhu

WITH FLAMES TOWERING 40 feet in the air, producing heat as high as 800 degrees, firefighters battling a Long Island, N.Y., forest fire for days in August had plenty of things to worry about. But calling home to let their families know they were OK wasn't one of them, thanks to equipment and service provided by AT&T Network Services Division (NSD) and AT&T Consumer Communications Services (CCS).

NSD's National Disaster Recovery unit temporarily parked a satellite truck and Mobile Calling Center on the center strip of Sunrise Highway, a major thoroughfare running through the fire area, just 200 yards from the flames. A line of firefighters formed immediately, with more than 400 placing 550 calls during the weekend conflagration.

"The firefighters loved it," said Jon Williams, warehouse supervisor for the National Disaster Recovery unit. "They were dirty and tired and wanted to let their families know they were all right."

Open 24 hours a day from Friday until Sunday, the facility was staffed by Williams and four colleagues, who went without food and sleep for the first 24-hour stint to keep the facility going. The calling center relocated several times during its stay as the firefighters' staging area moved.

"The smoke and soot and ash made it very difficult to see," said Ron Schnall, AT&T Global Business Communications Systems (GBCS) account executive who is assistant chief with a Long Island volunteer fire department and—with colleague Joe Gadzinsky—actually fought the fire. "It was an intense and stressful experience," he said.

"That's why the firefighters appreciated the phone service so much," said Doug Segall, a GBCS account executive who lives on Long Island and helped coordinate AT&T's efforts at the site. "It was a humanitarian effort."

AT&T also supplied cellular phones and the AT&T Foundation made a donation to the local Red Cross to aid the area, where the fire blackened 10,000 acres, or 12 square miles.

David Jefferson, CCS Northeast Region vice president who authorized the mobilization of AT&T resources, said, "It was clear that people were in need. I'm proud that AT&T could readily offer assistance to both emergency workers and residents affected by this crisis." ■

Tutton Addresses Parliament, Urges Open Markets in Europe

By Anne Wainscott

IN THE LATE-18TH CENtury, "give me liberty or give me death" became the rallying cry for the birth of a new nation. Two hundred years later, AT&T's equivalent to Patrick Henry has urged British policy-makers to continue to lead the charge for open markets.

Speaking before a packed chamber in the House of Commons in London recently, AT&T Communications Services executive Merrill Tutton said, "The trend is toward more competition in telecommunications. It's a customer-driven trend, and it's a trend that deserves the support of public policy-makers."

Closed to Competition

Tutton, formerly president, AT&T United Kingdom, recently was named president, Europe/Middle East/Africa (EMEA) Communications Services. His new assignment to drive AT&T's services business into the EMEA region is dependent on the openness of European markets. In contrast to the United States, with more than 500 long-distance firms, Europe's markets remain virtually closed to competition. Government-controlled monopolies continue to stand in the way of lower prices, more choice and innovation—all benefits of competition.

Tutton was quick to point out that among major European markets, only the United Kingdom has embraced competition. British Telecom's privatization more than a decade ago laid the cornerstone for competition in the country. "Since then, service has vastly improved, options have increased and prices are down by about two-thirds," Tutton said. In January, AT&T plans to begin offering basic domestic communications services to British business customers. The company is setting up three switching sites to support the services.

Slow to Open

While the United Kingdom continues to respond to explosive changes in technology that make closed markets obsolete, other parts of Europe are slower to react. In particular, France Telecom and Germany's Deutsche Telekom want to buy 20 percent of Sprint, which would allow them to enter U.S. markets before opening up their own markets to international competition.

The Justice Department has proposed a consent decree that would, with some restrictions, allow the alliance to move forward. AT&T has stated publicly that the consent decree, as it now stands, does not go far enough. However, the Federal Communications Commission's (FCC) proposed rules, strongly endorsed by AT&T, do. The FCC recommends examining the openness of other countries' markets before giving their communications companies access into the U.S. market. AT&T has filed comments with the FCC on this critical decision.

"Customers around the world are saying they want the benefits of a competitive market. In fact, they're demanding it, and that's why the movement toward competition in the world's telecom markets is irreversible," Tutton said. ■

4A Conference Puts Focus on Careers and Global Competition

By Ollie Hartsfield

THE CONFERENCE OPENED with the presentation of the colors by the U.S. Marine Corps and the singing of the American national anthem. It closed with approximately 800 participants singing "We Have Survived," a theme song written just for the conference. In between, the sixth annual 4A (Asian/Pacific American Association of AT&T) Professional Development Conference focused on the increasing contribution Asian/Pacific American employees are making to AT&T's globalization effort.

Approximately 800 4A members and guests who attended the three-day conference, which was held in Washington D.C. in August, heard key messages from AT&T executives and government officials about careers, community involvement and the new competitive environment.

Guest speaker Ronald Lee, General Counsel for the National Security Agency, encouraged conferees to be aware of the elements in their lives that allow them to be leaders.

Carl Ledbetter, then president, AT&T Consumer Products, and now on assignment in AT&T Consumer Communications Services, said Asian/Pacific Americans can take an assertive approach to career advancement without sacrificing traditional cultural values that prize modesty and reserve. He urged conferees to chart their own career paths and formulate practical plans for following them. How? By networking, enlisting the help of mentors and striving to break the mindset that Asians are only technicians and scientists, he said.

Ray Robinson, vice president, AT&T Corporate Affairs, praised 4A and its members for their heritage of community service and encouraged them to continue. He noted AT&T has had a good track record in the community. But, he said, to compete against companies entrenched in the local communities, AT&T needs an even better record. "One that's more focused on community and business needs."

"We need diversity within AT&T if we are to thrive as a business."

—Alex Mandl

Alex Mandl, executive vice president and CEO, AT&T Communications Services Group, (CSG) said the Asian/Pacific community is critical to the success of AT&T's consumer business. Calls from the United States to Asian/Pacific countries make up 23 percent of AT&T's international consumer long-distance revenue. Mandl also praised the Asian/Pacific American employees who are helping the company win back market share in the Asian/Pacific region. "Throughout CSG, Asian/Pacific people are playing important roles in keeping AT&T the No. 1 communications services company in the world," he said.

Citing local and global examples of the new competitive environment facing AT&T, Mandl said AT&T has become part of a broader information industry that includes wireless and computer on-line services, electronic commerce, and video telephony. "We need diversity within AT&T if we are to thrive as a business. We need to make the fullest and best use of all our resources if we're going to succeed in the radically changed environment." ■

AT&T To Lead Campaign To Educate Public on 888

By Suzanne Sidhu

NEXT SPRING, TOLL-FREE calling will add a new prefix—888—to supplement the familiar 800 number.

During the past year-and-a-half, the demand for 800 numbers has exploded. Parents use them so far-flung kids can call home for free. Paging services companies have sopped up the numbers for their customers. And retailers want them in ever-increasing quantities, spending $10 billion annually for their 800 services, and selling $135 billion in goods and services by means of them.

But the once huge stockpile of 800 numbers is almost depleted. What's left of the nearly 8 million numbers originally available when AT&T created 800 service in 1967 is now being rationed weekly among the 200 organizations that reserve toll-free numbers.

Enter 888, a new prefix that will add another 7.6 million numbers to the toll-free pool in March, when switches will have been programmed to identify the new area code.

And although the new numbers will solve the availability problem, the new code is expected to create some problems as well.

Some consumers in focus groups, for example, don't yet trust the 888 code and are suspicious of claims that it's really toll-free. In addition, a recent Roper Starch Worldwide survey, funded by AT&T, found that 99 percent of those surveyed didn't know 888 would be toll-free, and 57 percent thought the two prefixes would cause confusion. These results worry retailers, who, with billions of dollars at stake, don't want to establish an 888 number that their customers won't use.

"Our challenge is to make sure consumers recognize that 888 and 800 are synonymous, and that both of them mean toll-free," says Ken Sichau, vice president, Global Market Management, Business Communications Services.

An education campaign designed to do just that began recently, to carry the 888 toll-free message to the public in various ways between now and March.

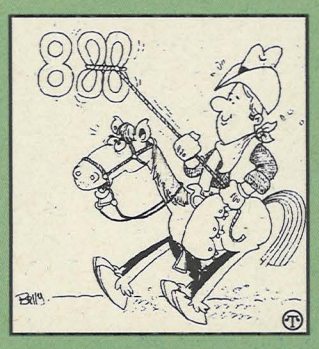
Two consumer experts are doing television, radio and print interviews in the top 20 markets nationwide to deliver the toll-free message. A second tour, targeting other major markets, will deliver the same information through print and radio outlets.

"AT&T Toll Free Day" will inaugurate and celebrate the service shortly after it becomes available next spring. On that day, AT&T will provide free bridge, tunnel and road tolls in selected high-traffic points in New York, San Francisco and Chicago, with banners, handouts and radio advertising reinforcing the message.

Later, AT&T will sponsor "The Really Big Call-In Contest," with a week-long call-in to guess how many toll-free 888 numbers were called in the first month of the service. The 888 entries who are closest will win $888 in prizes. ■

The 888 Message

AT&T's education program, which began in September with a comprehensive media campaign, will be targeted to consumers in the top U.S. markets. The program will stress the following messages:



Toll-free numbers may start with 888.

800 numbers are not going away.

888 and 800 numbers are not interchangeable; calling an 888 number will not permit callers to reach the same number with an 800 prefix.

The 888 toll-free prefix is new, not better or worse. It is not related to business status or performance.

Consumers can still get all toll-free telephone numbers through AT&T's Toll-Free Directory Assistance by calling 800-555-1212.

Collaborative Desktop Conferencing is Here

continued from page 5

time and money, and work smarter.

"This may look deceptively like an ordinary video conference," DeNigris said, "but it's much, much more. It's a desktop voice, video and data call. We're able to link computer data applications along with real-time images and voice through desktop computers. And it's all handled from the global standards-compliant AT&T *Vistium*-equipped desktop computers and the AT&T WorldWorx network.

"What we demonstrate may look familiar because many have described it and simulated it in its various forms," DeNigris continued. "They've promised it, but AT&T was the first to bring the virtual meeting to commercial reality." Business Multimedia Services Vice President Jim Cosgrove also demonstrated the service before an audience of 2,000 customers and industry executives while delivering his keynote presentation at the Enterprise Computing Trade Show in Chicago.

DeNigris, who has lobbied hard for standards, said the service provides interoperability through the use of the International Telecommunications Union's H.320 videoconferencing standard, which makes real-time audio and video communication possible among different kinds of videoconferencing devices.

In addition to AT&T Global Information Solutions, WorldWorx partners such as Apple, IBM, Intel and Sun will be providing compatible endpoint products and work-group software next year. Using WorldWorx, customers on different computer platforms will be able to take advantage of a wide variety of collaborative desktop applications, including whiteboarding, word processing, presentations and spreadsheets.

This service is subscription-based, with highly flexible pricing and billing options. It includes a variety of enhanced features for security and participant identification; for example, network-based electronic "business cards" enable identification of all parties at all times during the call, and can be exchanged and retained for later use in an on-line directory. ■

GLOBAL VIEW

CHINA

BEIJING—AT&T CHINA CO. LTD. has signed two agreements with the Chinese government that will expand China's capabilities in the microelectronics industry and upgrade the switching systems manufacturing operation in Qingdao. AT&T will transfer to Huajing Electronics Corp. Group, an affiliate of China's Ministry of Electronics Industry, technologies for processing and designing large-scale integration devices. AT&T and five Chinese partners also signed an agreement to upgrade the capabilities of an existing joint venture from assembly to manufacturing of electronic switching systems. The upgrade will be completed by the end of the year. The joint venture, AT&T Qingdao Telecommunications Systems Ltd., is AT&T's first facility to manufacture switches in China. It will produce AT&T Network Systems Group's flagship product, the *5ESS*-2000 Switch. By the end of the year, the joint venture will have shifted from simple assembly to full-fledged manufacturing of the 5ESS-2000 switch, capable of producing a million lines annually. The agreement is a result of the memorandum of understanding between AT&T and the State Planning Commission, which was signed in February 1993, to work together to enhance China's telecommunications infrastructure.

HONG KONG

HONG KONG—EASYLINK SERVICES and CargoNet will deliver one of the area's first electronic commerce services to the booming trade and transport industry in Hong Kong and southern China. CargoNet, an electronic document handling and information service, will use AT&T's global messaging technology to automate the flow of documents between users. The local market for the service includes some 14,000 trading companies and 42,000 manufacturers. CargoNet, scheduled for commercial launch in September, will enable these users to exchange electronic documents using AT&T Electronic Data Interchange service.

INDIA

BOMBAY—TRIDOM has completed installation of a hub and very small aperture terminals (VSATs) for Comsat Max Private Ltd., which will use the satellite communications equipment to offer voice, data and video communications services to businesses throughout India. Comsat Max, a joint venture of Comsat International Ventures and Max India, an Indian conglomerate, is one of the first companies to offer VSAT-based services since the deregulation of the Indian telecommunications market began in 1991. AT&T Tridom installed a *Clearlink* 400 hub for Comsat Max near Bombay and will provide several hundred VSATs during the next two years. In addition to data, fax and video capabilities, the system includes Clearlink Voice Modules, a compressed digital voice option that allows Comsat Max to offer its customers two-way voice services over VSAT networks.

JAPAN

TOKYO—CONSUMER INTERACTIVE SERVICES has formed a joint venture with Sony and Nippon Telegraph & Telephone Corp. (NTT) to start a new on-line communications service in Japan. The $5.7 million joint venture, called NTT FAN Inc., is owned 44 percent by NTT while AT&T and Sony each have a 28 percent stake. The trial service, to begin next year, is modeled after AT&T's *PersonaLink* in the United States, which lets subscribers with portable computers gain access to services such as electronic mail, abbreviated news reports and entertainment lists. The system's software will be provided by General Magic Inc., a Sunnyvale, Calif., venture owned partly by AT&T, Sony and NTT.

VIETNAM

HANOI—GLOBAL INFORMATION SOLUTIONS defeated IBM for the first national automated teller machine (ATM) network in Vietnam. The AT&T unit won the order just as ties between Vietnam and the United States were re-established after 20 years. The $3 million order with the State Bank of Vietnam will include 500 ATMs to be installed throughout the country by 1997. Initially, 50 ATMs will be installed in Hanoi, Hai Phong, Da Nang and Ho Chi Minh City.

Vail Award Winners Help Save Lives of Co-workers

By Tom Landers

SUPPOSEDLY, LIGHTNING never strikes twice in the same place. But for two Network Services Division employees in the same office building in Denver, their rescue efforts last year helped save the lives of two co-workers in separate incidents. For their efforts, each received a Theodore Vail Citation for Outstanding Public Service and a cash award of $1,000.

Although Communications Technicians Kathy Lausser and Gene Leffelbein work in the same building, they didn't know each other until their heroic actions were rewarded earlier this year.

One evening last November, an AT&T contract employee was discovered lying unconscious in a hallway. While one employee went to call for help and others gathered around, no one knew how to administer cardiopulmonary resuscitation (CPR). One of the employees suddenly remembered that Leffelbein, who has 16 years' service, had once been an emergency medical technician.

BARRY STAVER

Kathy Lausser

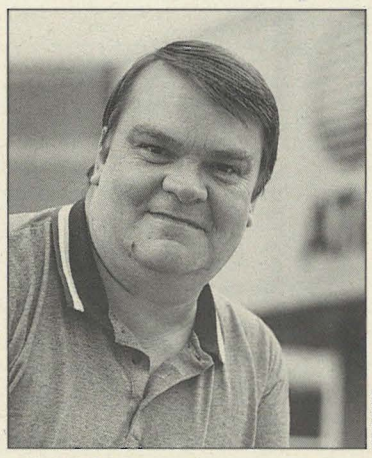
Serious Trouble

"I don't know how long the man had been on the floor by the time I got to him," says Leffelbein. "But I did know one thing. He was in serious trouble."

Leffelbein first checked the victim's vital signs and attempted to get a response. Receiving none, Leffelbein immediately began performing mouth-to-mouth resuscitation while another contract employee administered chest compressions. The two continued to perform CPR until an emergency crew arrived and took the man to a hospital. Unfortunately, he had suffered a serious heart attack and lapsed into a coma from which he has not emerged.

The Denver Fire Department sent Leffelbein a letter of recognition for his role in sustaining the man's life until the medical team arrived.

Leffelbein wonders if greater emphasis on safety and first-aid training would have made a difference. "We have more than 100 out of about 1,200 people working in this building who know CPR, but we don't have an organized approach. I'd like to see the company devote more attention to safety and first-aid awareness, training, emergency response, disaster response, and so on," Leffelbein says. "Everyone thinks, oh, it can't happen to me. But sooner or later it does."



BARRY STAVER

Gene Leffelbein

Lausser Aids Co-worker Twice

Lausser, for one, can attest to that—it happened twice. Lausser, who has 23 years of service, twice came to the aid of a co-worker who went into insulin shock. In the first incident, in September 1994, Lausser was informed by the man that he had taken an insulin shot but was feeling very dizzy. As he began to eat candy, he started to shake and began going into mild convulsions.

"I have three close relatives who are diabetics, so I knew what to do," says Lausser. She grabbed a can of orange juice from her desk and forced the man to drink it as fast as possible. After his blood sugar leveled off and he was checked by emergency medical technicians, the man was able to eat a full breakfast and go home.

Just 15 days later, Lausser arrived at work and was told by the man that he was feeling dizzy. Unable to get him to drink orange juice because of convulsions, Lausser put sugar in the victim's cheek and rubbed it so it would be absorbed into his system. The man's convulsions stopped, but he was still in insulin shock with a rapid pulse and heavy breathing. Soon, a medical team arrived, stabilized the man, and transported him to the hospital. He was later released.

"Everyone thinks, oh, it can't happen to me. But sooner or later it does."

—Gene Leffelbein

"The second incident was more serious," says Lausser. "My heart was palpitating and I was a little shaky. I thought there was a chance we might lose him, but fortunately he was able to pull through." ■

Telecommute America Planned for Oct. 23-27

AT&T EMPLOYEES ARE reminded that Oct. 23-27 is Telecommute America! Week, a program organized by AT&T and a consortium of government agencies to promote telecommuting, or working away from the office.

Depending on how it is structured, telecommuting can offer a range of benefits, including reduction of stressful rush-hour commutes, a better balance of work and personal activities, improved productivity, lower corporate overhead, and can help support the company's compliance with Employer Trip Reduction Programs.

For a complete telework guide, brochures and information on educational seminars in 19 cities, employees can call 800-TELEWEEK.

Telecommuting is not practical for every employee or every job. Also, union regulations preclude telecommuting by union-represented employees. Employees should speak to their supervisors to see if the needs of customers permit any telework alternatives.

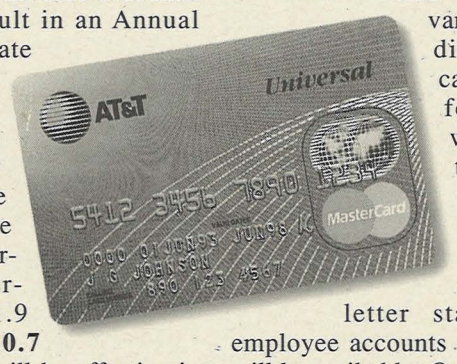
For more information on telecommuting, see "National Program Encourages Workers to Telecommute" in the August issue of *AT&T News*. ■

AT&T Employees Get Lower Rates With Universal Card Promotion

By Ed Lopez

AT&T UNIVERSAL CARD has announced a promotional offer to standardize the interest rate charged on all AT&T employees' credit card accounts. This will result in an Annual Percentage Rate (APR) reduction for most employees.

The new **APR** will be based on the prime rate (currently 8.8 percent) plus 1.9 percent, or **10.7 percent,** and will be effective in October for November billing statements. The rate will be in effect through the April 1996 billing statement. At that time, a decision will be made whether to change the promotional offer.



The APR is variable and will be reviewed quarterly as indicated in your cardmember agreement.

The new APR will cover existing balances, new purchases, and cash advances. In addition, the cash advance fee will be waived for the six-month period (starting in November). A letter stating how employee accounts are affected will be mailed by Oct. 15. If you do not receive this letter, please call 800-423-4343.

AT&T employees who would like to apply for the AT&T Universal Card can call 800-662-7759. ■

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